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NILES MAYOR NICHOLAS BLASE AND INSURANCE AGENT CHARGED IN FRAUD SCHEME TO SPLIT PREMIUMS AND FEES FROM NILES CLIENTS

CHICAGO – The longtime mayor of the Village of Niles, **Nicholas B. Blase**, was arrested today on federal corruption charges for allegedly using his public office for at least the last 17 years to steer local business owners to purchase insurance through an agency that paid him bribes and kickbacks from the revenue it collected from business clients in Niles. Also charged was **Steven Weiner**, president of Ralph Weiner & Associates, an insurance agency in Wheeling, where federal agents executed a search warrant on Tuesday. Weiner voluntarily surrendered to FBI agents this morning. Blase and Weiner were each charged with mail fraud in a criminal complaint that was filed late yesterday and unsealed today, announced Gary S. Shapiro, First Assistant United States Attorney for the Northern District of Illinois.

Blase, 78, of Niles, and Weiner, 53, of Northbrook, were scheduled to appear at 2 p.m. today before Magistrate Judge Michael Mason in U.S. District Court. Blase has been mayor for 45 years since he was first elected in 1961. He is also an attorney and operates the law offices of Nicholas B. Blase, Ltd. in Niles. The village has approximately 30,000 residents and is located 15 miles north of downtown Chicago. Weiner and his brother became the license holders and co-owners of the Weiner insurance agency after their father, Ralph Weiner, died in April 2005.

Mr. Shapiro announced the charges with Robert D. Grant, Special Agent-in-Charge of the Chicago Office of the Federal Bureau of Investigation, and Byram Tichenor, Special Agent-in-Charge of the Internal Revenue Service Criminal Investigation Division in Chicago. Mr. Shapiro noted that the investigation of public corruption in Niles is ongoing and called for the assistance of Niles' residents and business owners with the federal investigation. Anyone with information about public corruption in Niles is encouraged to call the FBI at its new number, (312) 421-6700.

According to an FBI affidavit, since at least 1989 Blase used his position as mayor to influence business owners in Niles to purchase insurance through the Weiner agency. In turn, Steven Weiner and the agency paid bribes and kickbacks to Blase by secretly funneling a percentage of the premiums and fees collected from clients who owned businesses in Niles. To disguise the bribes and kickbacks, the payments were made by checks drawn on a Weiner agency account and made payable to a purported insurance agency, S.M.P. Insurance Service Inc., a shell corporation that two cooperating witnesses described as synonymous with "Mayor Blase's insurance company." SMP was purportedly operated by a third cooperating witness (CW3), who was actually an employee of Blase's law office performing work related to personal injury claims. The Weiner agency checks to SMP purported to be "shared commissions" paid to an insurance producing sub-broker, but neither SMP nor CW3 performed such work and the kickbacks deposited into SMP's account were used by Blase to compensate CW3 for the work performed on behalf of his law firm.

The affidavit cites bank records showing that between 1997 and 2003, a total of \$482,821 was deposited into SMP's corporate account, of which \$281,039, or 58 percent, came from the Weiner agency, with the checks bearing notations that the payments related to "commissions." SMP received at least 20 percent of all commissions earned from Niles-based insurance customers of the Weiner agency, according to information provided to agents.

The affidavit relies in part on information agents obtained from three cooperating witnesses, two of whom worked at the Weiner agency, while the third was an employee of Blase's law office. CW1, was a commercial claims representative and processor at the Weiner agency for about 10 years, and CW2, was an insurance "producer" for about eight years. CW3 worked at Blase's law office, and after about a year was paid solely through SMP.

According to the complaint, Ralph Weiner and/or Blase, who often had breakfast or lunch together, told business owners that having insurance coverage through the Weiner agency allowed for "access" to the mayor if the business had "problems," such as with liquor licenses or zoning or building matters. After Ralph Weiner died, Steven Weiner allegedly replaced his father and began delivering the monthly checks payable to SMP to the mayor. Since October 2005, CW3, whose Blase law office work was paid for from the SMP checks, attended and recorded three meetings with Blase and Steven Weiner at which Weiner delivered an SMP check and commission statement to Blase. CW3 also reported two additional payments by mail.

According to the complaint affidavit, the search executed at the Weiner agency Tuesday yielded notes obtained from the files of at least 10 Niles business clients allegedly indicating various favors that were performed by Blase for the customers. For example, the insurance file of a Niles restaurant owner mirrored information from the cooperating witnesses that in 2003, Blase had helped obtain a 4 a.m. liquor license for the restaurant. Another file indicated that Blase had helped straighten out a problem with the village fire inspector for Niles Customer E. The file of Niles Customer G contained an e-mail from Steven Weiner to an insurance agency employee stating that "Nick Blase referred a restaurant owner to us ... please call him Monday and say Nick asked you to call."

Also seized was a folder titled “SMP monthly statements,” containing documents and check vouchers showing that the agency made three payments to SMP described as a “%% for Niles Public Library” in the amounts of \$550 in 2003, \$550 in 2004, and \$1,050 in 2005. The seized documents indicate that the payments made to SMP for the Niles Public Library were disguised as commissions from a commercial business.

The charges also allege that in 2004 Blase and one of the cooperating Weiner employees assisted Niles Customer B in resolving village citations regarding fights at a tavern owned by Customer B. Beyond favors, CW2 told federal agents that Weiner agency clients said they felt pressured to purchase insurance from the agency. Niles Customer C told CW2 in 1997 that Blase had contacted Customer C and said that insurance would have to be purchased through the Weiner agency if the village were to even consider an application for a liquor license. In 2004, CW2 said that after asking Blase for a list of new Niles businesses to solicit for insurance, he/she received a computer-generated list, with Blase’s hand-writing on the top, of more than 70 new businesses through the mail from Blase’s law office. CW2 told agents that he/she “felt like I was putting a gun to somebody’s head” to purchase insurance from the Weiner agency, the affidavit states.

The charges also allege that as CW3 began to wind down employment with SMP and Blase’s law office earlier this year, CW3 and Blase made arrangements for CW3 to begin sharing a portion of the SMP payments with Individual C, a relative of Blase’s and an attorney who also works at his law firm. Since January 2006, CW3 has written at least four checks to Individual C representing a portion of the SMP monthly payments.

The government is being represented by Assistant U.S. Attorneys Daniel Collins and Laurie Barsella.

If convicted, mail fraud carries a maximum penalty of 20 years in prison and a \$250,000 fine. The Court, however, would determine the appropriate sentence to be imposed.

The public is reminded that a complaint contains only charges and is not evidence of guilt. The defendants are presumed innocent and is entitled to a fair trial at which the government has the burden of proving guilt beyond a reasonable doubt.

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